

Survey of CAMA Municipalities for the NC General Assembly Offshore Energy Exploration Advisory Subcommittee

SURVEY SAMPLE BACKGROUND

In response to the request of the North Carolina General Assembly staff for information relating to where local governments stand in supporting and governing offshore energy exploration, the NC League of Municipalities collected information from 12 municipalities of the 20 Coastal Area Management Act (CAMA) Counties. All information was collected by email survey.

The sample chosen was based on the answers from the 90 municipalities that are located in the 20 Coastal Area Management Act (CAMA) Counties. The summary of all the respondents are below.

For purposes of the committee, the following breakdown of the 12 survey respondents may be helpful:

9 have no language addressing issue: Atlantic Beach, Bayboro, Bogue, Columbia, Hertford, Indian Beach, St. James, Stonewall and Trentwoods

3 have broad language in their LUPs: Carolina Beach, Kill Devil Hills and Wilmington

5 explained what tools they would need if offshore energy options were realized:
Carolina Beach, Columbia, Hertford, Kill Devil Hills and St. James

90 municipalities surveyed via email

12 responsive surveys

78 unresponsive surveys

ISSUE BACKGROUND

Pursuant to North Carolina General Statute 120-19.6 (a1), President Pro Tempore Marc Basnight and Speaker Joe Hackney established the Offshore Energy Exploration Study Committee on January 16, 2009. The 24-member committee was composed of members of the public, with 12 appointments made by Senator Basnight and 12 made by Speaker Hackney. At that time, in addition to studying petroleum exploration and development, the Subcommittee received the authority to study the potential impacts of alternative offshore energy projects on the nation's energy supply, including energy generated from wind, waves, ocean currents, the sun, and hydrogen production. Since its creation, the Subcommittee has held six meeting.

The Advisory Subcommittee has studies and plans to continue to study:

1. The implications of leasing federal waters off North Carolina's coast in the Atlantic Outer Continental Shelf to energy companies for oil and natural gas exploration.
2. Relevant federal law and the legal authority of the State of North Carolina with regard to offshore drilling.
3. The potential impacts on the nation's energy supply, including documenting the best unbiased estimates available for what oil and natural gas might exist.
4. The potential financial impact of proposed exploration on the State of North Carolina, including effects on the economy, tourism, the commercial fishing industry, the impacts of a more industrial coastline, and ensuring a share of State profits.
5. The environmental impacts of exploration on North Carolina's coastline, including possibilities of spills, effects on water quality, air quality, marine life, and contributions to global climate change.
6. The environmental impacts of the infrastructure that would be associated with exploration and drilling for oil and natural gas.

With regard to number 2 and number 6, The North Carolina League of Municipalities was asked to find out what type of rules, regulations, ordinances, etc, are currently in place in coastal municipalities and what they would need to govern and protect their resources/economies if offshore energy infrastructure located within their jurisdictions. It is important to note that while it is compulsory for NC counties to submit a Local Land-Use plan to CRC for approval, it is only voluntary for municipalities.

DETAILED SURVEY RESULTS

Municipalities having broad language in their Land-Use Plans

Three municipalities surveyed have broad language in their Land-Use Plans. General language includes statements that any business that operated in the energy exploration field, on land in the town, would be regulated by the zoning code and may or may not be allowed depending on the use. Kill Devil Hills has a policy from their 1997 Land Use Plan as follows: "The Town is opposed to any offshore exploration for or production of oil and or natural gas in the vicinity of the Outer Banks. Such activity would be incompatible with the Town, its established tourist industry, fishing industry and the preservation of natural and public trust areas – all particularly dependant upon uninterrupted ocean and groundwater of the highest quality." However their 2009 Draft Land Use Plan policies, while not adopted, propose modifications as follows:

"The Town supports use and location of alternative energy sources within its jurisdiction. The Town will consider regulations that will encourage location of alternative energy production at homes and businesses. Any offshore exploration for production of oil or natural gas in the vicinity of the Outer Banks should be linked to a national energy policy with revenue distribution benefiting the state and local economies. Support for such activity will require precautions to protect the Town's established tourism industry, fishing industry, and the

preservation of natural and public trust areas -- all particularly dependent upon ocean and groundwater of the highest quality."

The Wilmington City Council and New Hanover County Commission adopted a 2006 Wilmington-New Hanover County Joint CAMA Plan which contains the following relevant policy statement and implementation strategies:

"Policy 3.30 Protect area residents by designating suitable locations for the siting of all industries, including energy facilities and high voltage power lines, and opposing the development of all off-shore mineral, oil, and gas resources.

Implementation Strategies for Policy 3.30

3.30.1 Develop use-specific siting guidelines and zoning restrictions.

3.30.2 Request resolution from the General Assembly opposing development of off-shore mineral, oil and gas resources."

Clearly, this was a case where the policy was developed with some knowledge of the potential for offshore energy, especially oil, exploration in North Carolina; although no specific projects were anticipated.

Wilmington noted, however, that since the adoption of the plan there has been significant increase in the interest in and feasibility of large-scale alternative energy use and that when the CAMA plan is updated it would likely include an evaluation of the potential for renewable, non-polluting energy production opportunities off the coast, including wave energy, wind energy and others.

Municipalities explaining what they would need

Five of the municipalities surveyed, which may or may not have language on the issue of offshore energy exploration, did express thoughts on what they might need if offshore energy production started to occur. Almost all five municipalities expressed a need for information, data, and technical support regarding fuel exploration as it emerges. They expressed hope that the State would take a lead role in bringing coastal areas up to speed on both the positive and negative impacts as they relate to, economic, social, land use, cultural, and environmental impacts of energy exploration. From the private companies that would be operating and building energy-producing facilities, they would need a better understanding of the requirements and operational aspects for such facilities.

Local authority tools the municipalities could foresee needing include the ability to regulate location and safety of land based energy facilities and supporting infrastructure as well the ability to preserve certain viewsheds.

The municipalities also expressed the concern of potential construction adversely impacting the coastal tourism economy. At the same time they are open to the consideration of any

meaningful employment opportunities for local residents - including any support facilities or businesses that might locate within the city.

If there were to be future on-shore facilities, the municipalities would need the help of NCDOT, NC Dept of Commerce, the Rural Center, etc, to construct the infrastructure to make such infrastructure facilities possible. Roadway construction and water infrastructure improvements are some examples.

More concrete needs might include providing examples of model zoning regulations or other assistance developing appropriate local guidelines and zoning restrictions.

Appendix

Email survey sent to municipalities within CAMA counties

The NC Offshore Energy Exploration Advisory Subcommittee would like The North Carolina League of Municipalities to survey the member cities that are within the 20 CAMA counties on the following questions:

1. Are there any existing land management paradigms, ordinances, regulations, etc. within your local government concerning offshore energy exploration, production, and potential for on-shore development (i.e. infrastructure, socio-economic and environmental impacts). This would include oil, natural gas, renewable/alternative energy infrastructure, etc.
2. If so, what are they?
3. How are they structured and used?
4. Are they simply proactive or are there current projects you know of coming down the pike?
5. What resources, tools, authority, etc., do local governments need or anticipate needing to support the related infrastructure financed and operated by outside parties for those offshore endeavors whether it be oil, natural gas, alternative energy, etc.?